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SUBJECT: ARGENTINA: AGRARIAN FEDERATION ON CURRENT
POLITICAL SITUATION

REF: BUENOS AIRES 1172 AND PREVIOUS

Classified By: CDA Tom Kelly for reasons 1.4 (b) and (d).

¶1. (SBU) Summary: Nicolas Bossio, Private Secretary to the President of the Argentine Agrarian Federation (FAA), sees new-found solidarity in Argentina's agricultural sector, embodied by the coordinating Liaison Table ("Mesa de Enlace"), a committee comprised of the four agricultural entities that led the sector's 120-day-long protest and strike against variable export taxes. Bossio explained that, through this Table, a formerly fractious agricultural sector has changed its political strategy and tactics to more effectively lobby political leaders with a unified voice that focuses on sector-wide priorities. Bossio clarified that the recent Congressional proposal to create a type of national grain board with power to buy and sell agricultural products would not be acceptable to the agricultural sector. He argued that the government's conflict with the agricultural sector was exacerbated by an increasing concentration of power in Argentina's political system, noting that provincial politicians have historically been beholden to the federal executive rather than their own constituents. End Summary.

Consensus-Building: A New Paradigm for Argentina's Ag Sector

¶2. (SBU) On August 7, 2008, Senior Professional Staff Member Senior Professional Staff Member of the Senate Foreign Relations Committee Carl Meacham and WHA/BSC Deputy Director Bruce Friedman met with Nicolas Bossio, Private Secretary to the President of the Argentine Agrarian Federation (Federacion Agraria Argentina) (FAA). Bossio remarked that one of the outcomes of Argentina's extended 120-day-long agricultural protest has been a paradigm shift for the agricultural sector's interaction with the government. The creation of a coordinating Liaison Table ("Mesa de Enlace") to act as a unified voice for the various interests of the sector has enabled a unity among a normally fractious agricultural community that has never before existed in Argentina. The Liaison Table has emerged as a mechanism through which competing ag interests will determine priorities for the entire sector. Bossio said that those priorities determined by consensus will supersede the interests of any one specific interest group within the rural sector.

¶3. (SBU) Bossio indicated that the four agricultural groups -- the FAA, the Argentine Rural Society (SRA), the Argentine Rural Confederation (CRA), and the Agricultural Cooperative Confederation (Coninagro) -- who form the Liaison Table are committed to this new-found solidarity and intend to lobby the GOA as a single voice. Their internal polling of farmers shows that 90% of their members have a positive view of the

Liaison Table and that it is perceived as an honest broker of sector interests. Those farmers also indicate that they want the Liaison Table to complement the four existing groups and become a permanent fixture that will promote and represent a unified sector stance. He also commented that last week the Liaison Table began the process of creating 20 sub-committees to discuss sector-specific interests, including beef and dairy, as well as legislative affairs.

14. (SBU) Before banding together in protest over the GOA's variable ag export tax scheme (Resolution 125), the agricultural sector's interaction with government officials was limited and largely uncoordinated. Bossio remarked that, prior to and during the conflict, the sector had limited interaction with then GoA Agriculture Secretary Javier De Urquiza because they knew he had little political power to effect change. As a result, the ag sector's petitions to both Kirchner administrations fell on deaf ears, as exemplified by the fact that President Cristina Fernandez de Kirchner (CFK) sent Resolution 125 to the Congress only after there had been 100 days of conflict. Bossio stated that he believes that this paradigm -- i.e., disparate agriculture interests petitioning an unresponsive government -- has now changed. Earlier this week, the Liaison Table met with newly appointed Secretary of Agriculture Carlos Cheppi. Although the government has indicated that it wants to open dialogue with the rural sector and to include agriculture in its Bicentennial "Social Pact" dialogue with labor and the various productive sectors of the economy, Bossio said that it was clear from the meeting with Cheppi that his proposals, although well-intentioned, are nothing more than outlines and that he is asking the sector for more time to define policies.

Agricultural Conflict Still Unresolved

15. (SBU) Bossio stated that, although the variable export tax scheme was defeated in the Congress, there remain many unresolved agricultural sector issues. Particularly, within the past 3-4 years, milk and beef production have seen significant declines due to the lack of a stable, long-term agricultural policy. In addition, exports are impeded by overregulation, with numerous regulations created just within the past few months. He said that those regulations will need to be revised to provide positive incentives and stimulate production.

16. (SBU) Bossio also mentioned that farmers have difficulty making prudent decisions in a market where the government changes the rules of the game from one week to the next. Added to that uncertain policy environment is the farmers' lack of negotiating position against the major exporters, whom he suggested are somewhat cartelized. He indicated that these are all issues that will need to be addressed.

What Do Farmers Want?

17. (SBU) Bossio said that farmers' primary objective is to convince the government to develop and implement a long-term agricultural policy that provides clear and stable rules of the game. The three most critical issues are beef, dairy, and regional economic issues. Beef is at the top of that list. FAA has 20 different farmer assemblies and in almost every one, he said, the most important topic of discussion is beef cattle production. He said that due to the chronically declining production, the situation has become "terminal" for many producers. He also mentioned that the FAA is working together with other groups to prioritize goals and find consensus on positions including legislative affairs, a proposal to freeze land rental prices and contracts which the smaller farmers favor, and the agricultural sector's disproportionate tax burden.

Ag Strategy: Lobby and Educate

¶18. (SBU) Meacham asked whether farmers would protest future government actions by blocking roads or if they will change their strategy. Bossio indicated that although it was the most effective method early in the strike, the agricultural leaders realized that blocking roads was not the best long-term approach to stimulate favorable changes and support. He pointed out that throughout the conflict, the Mesa de Enlace tried to cool tensions when the government was trying to heighten the conflict.

¶19. (SBU) Instead of creating the social unrest associated with blocking roads that occurred earlier in the strike, the farm groups have become much more organized and are better at utilizing less confrontational tactics to get their message across. For example, through the Liaison Table, they are reaching out to a receptive press, as well as to lawmakers. Although they would like to negotiate with the Secretariat of Agriculture, they also recognize the necessity to work within the Congress. Earlier this week, the Table met with several institutions and congresspersons to discuss potential bills. Bossio indicated that several Members of Congress had ideas for draft legislation but that they were largely hollow. He explained that there is a large knowledge gap which the Table will try to fill through petitioning and educating lawmakers.

What's on the Horizon?

¶10. (SBU) When asked about the future, Bossio said that another important date on the horizon is August 23. On that Saturday, an assembly of producers in Olavarria will meet to discuss strategies for changing onerous rules that impede beef exports, as well as to demand regulations that will create incentives to increase beef cattle production. Bossio said that he mentioned that date not as a warning that producers will go back on strike, but rather, highlight producer expectations to see positive changes from a government that has yet to make any significant advances after the defeat in Congress of its variable export tax

proposal. He acknowledged, however, that it is highly unlikely that any of these issues will be resolved by August 23. Bossio said that the agricultural sector has decided to focus future protests in a more "civic" way by pressuring legislators and chipping away at the current political structure little by little.

¶11. (SBU) Bossio denied rumors that the ag sector has any plans or intentions of forming its own political party. They are currently focused on achieving consensus in their own assemblies so that the Liaison Table can present proposals to the Argentine Congress in the next few months.

In Search of an Ag Policy...

¶12. (SBU) When asked whether rural groups are looking at agricultural policy models from other countries on which to base some of their proposals, Bossi said the ag sector likes parts of the EU, U.S., and Australian policies, as well as French and Cuban programs. He mentioned that he traveled to Cuba and looked at their National Association of Small Farmers (ANAP) program created for small producers. FAA and the other rural organizations recognize that all models have useful ideas, but they do not want to import any one particular model. Rather, they plan to incorporate many ideas from various countries to create an Argentine model, Bossio said.

...That Does not Involve a National Grains Board

¶13. (SBU) One idea that was briefly mentioned was the creation of a new type of agricultural marketing board. Bossio indicated that small producers could support such an entity if it were structured in the right way. When asked about a recent bill introduced in the Congress that would grant the Agricultural Control Office (ONCCA) power to buy and sell agricultural products, thereby creating a new "Junta Nacional de Granos" (National Grains Board) with control over all agricultural products (which has been referred to as Enpycca, and later termed "Super ONCCA" in press reports), Bossio stated that the agricultural sector's reaction would be strongly negative if the measure was passed and implemented. He clarified, that at this point there is not enough political support for that proposal to have any future -- at least in its current form.

Argentina's "Broken" Political Machine

¶14. (SBU) Turning to a discussion on the state of Argentina's democracy, Bossio noted that part of the problem is an undue concentration of power within the executive and the Peronist Party (PJ). He explained that the reason why politicians and officials do not effectively represent the interests of their constituency is because they are beholden to the executive. "In order to have political autonomy, you need economic autonomy," he said. He noted that three of Argentina's strongest agricultural provinces, Santa Fe, Entre Rios, and Cordoba, generate an enormous amount of federal revenues through commodity export taxes, but the nature by which the federal government returns those contributions to the provinces is arbitrary.

Comment

¶15. (C) Despite the agricultural sector's vehement complaints against GOA agriculture policies under the two Kirchner administrations, it is clear that CFK's intransigence in dealing with the sector has done more to help unite the sector than any previous administration. In the face of CFK's divide-and-conquer strategy, the four agricultural organizations (FAA, CRA, SRA, and Coninagro) successfully created the Liaison Table, which was instrumental in pressuring Congress to defeat Resolution 125. Post contacts all indicate that the agriculture sector is committed to maintaining that level of solidarity and cooperation via the Liaison Table. However, it remains to be seen whether this alliance can hold in the long run, given that each group has different (and, on some issues, opposing) interests which CFK may use to play off one group against the others. In the days following CFK's August 2 press conference where she
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asserted that she "would do it all over again," the GOA has made some overtures to the ag sector, with Secretary of Agriculture Cheppi and Cabinet Chief Sergio Massa meeting with ag leaders in the last week. It is unclear, however, whether the GOA intends to use this new round of engagement to work with, or exert even greater control over, the sector. As reftel reports, the GoA may prefer to take another stab at dividing and conquering Argentine farmers. End comment.

¶16. (U) This cable was cleared by Staffdel Meacham and WHA/BSC Bruce Friedman.
KELLY